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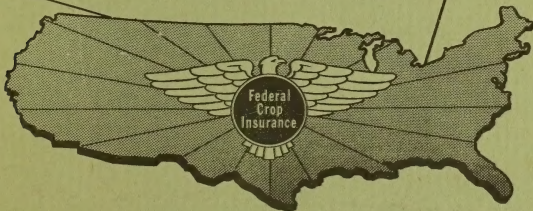
BEAN

SALES HANDBOOK

FEDERAL CROP INSURANCE PROGRAM; MONETARY COVERAGE

FEDERAL CROP INSURANCE IS GOOD BUSINESS
FOR THE FARMER AND FOR THE NATION.
YOU RENDER A SERVICE TO BOTH WHEN YOU
GET THE FARMER TO PROTECT HIS INVESTMENT
AGAINST UNAVOIDABLE RISKS.
YOU WILL CONTRIBUTE TO THE SUCCESS OF
YOUR COUNTY CROP INSURANCE PROGRAM TO THE
EXTENT THAT YOU INCREASE UNDERSTANDING OF
IT AND ACTUAL PARTICIPATION IN IT.

Charles F. Brannan
SECRETARY OF AGRICULTURE



UNITED STATES DEPARTMENT OF AGRICULTURE
FEDERAL CROP INSURANCE CORPORATION
SEPTEMBER, 1949

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YOU RENDER A VALUABLE SERVICE



Federal Crop Insurance fills a basic need. It protects the money and labor that the producer invests in crop production against loss from causes beyond his control.

You perform a valuable service each time you persuade a producer to sign an application for a Crop Insurance policy. Your contribution to the success of the County Crop Insurance Program will be the number of producers whose crop investments are protected due to your efforts. You should urge every producer to invest in this protection for it is an investment in security. The dollar spent for crop insurance is the most important dollar that the producer invests in his operating costs because it protects the others.

Federal Crop Insurance is the only protection of its kind available to farmers. It is backed by the Federal Government in order to meet a need that has existed and been recognized since farming began. Through it, the producer can add a basic principle of good business -- protection of the investment to his operations. It provides protection comparable to that which has long been available to businessmen through private companies and is considered an essential part of business operations.

The service that you render goes beyond the producer and his family. Crop Insurance not only protects the well-being of the farm family, but

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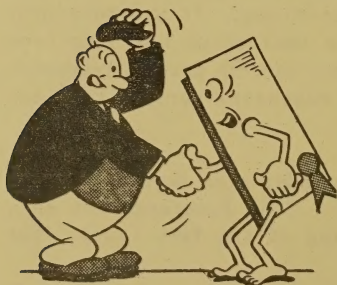
cushions the impact of crop failure on the local business community, the stability of the Nation's agriculture and the national economy.

YOU CAN DO A GOOD JOB

There are very few farmers, or people who work with farmers, that cannot do a successful job of explaining crop insurance and obtaining signed applications from many of those contacted. If you sincerely want to do a good job and are willing to put forth the effort necessary, you will get good results.

A good job of farming or anything requires work and usually some extra effort at the start to get the job under way properly. Selling Crop Insurance is no exception to the general rule and the good workers stand out just as prominently as in farming or anything else. Start out with the idea of getting signatures early. Almost without exception counties fail to do a good job when they put off sales contacts until near the closing date. Past experience shows that outstanding salesmen were those who started making their sales contacts early.

KNOW THE PROGRAM



Crop Insurance is an easy program to explain as you will learn by reading through this Handbook. You need to know the answers to questions about the provisions of the policy that producers may ask.

that you explain the program to them. They want to think it over. Get back and see these people soon and give them a little more encouragement toward making a sound investment in security -- spending the most important dollar that they can put into their operating expenses. Many of these you will actually have sold the first time and just need to go back and get their signatures. Leave every prospect with the realization that you know that every year many farmers suffer crop failures for the first time, so you naturally regard it as good business to protect the crop investment every year.

UNDERSTANDING IS ESSENTIAL

**GOSH, I NEVER THOUGHT
OF IT THAT WAY BEFORE!**



You should not expect prospects to sign applications until you have fully explained the program so that they have a clear understanding of what it offers them. Your success will not depend upon any special selling techniques, but simply upon how well your prospects understand

the opportunity that you have to offer them and how many prospects you contact.

It is the wrong approach in making a sales contact to ask a prospect whether he is interested in crop insurance. It isn't a fair question. People aren't interested in something that costs them money unless they understand its value. The first

step is to get your prospect to understand what you have to offer. He doesn't have a chance to give you an intelligent answer until he does understand. Don't let the man who doesn't want to understand upset you. Tell him that you have a responsibility to explain the program to him but you'll make it very brief. Point out that only a few minutes will be needed and your conscience will be clear in the event that crop disaster should strike his crop. Give him a general outline and then work out the coverage and premium for his operations. Never forget that you do every producer a favor if you give him understanding whether he signs or not.

YOU ARE A KEY MAN

The kind of a job that you do is the biggest single factor in the building of a successful Crop Insurance program in your county. Few problems arise in servicing contracts that have been properly sold. The policyholder will get exactly what he has bought. You are the one who tells him what he buys. Tell him so he has no chance to misunderstand.

Coverages and premium rates have been established on a per acre basis by areas in the county. An area includes that land on which there is reasonable uniformity of production and risk of loss and all land in the same area has the same coverage and premium rate. The applicant **MUST** be furnished correct information regarding his coverage and premium. This will not be difficult when his land all lies in one area, but it will require careful attention to accurately inform the producer who has land in two or more areas. The county office will provide you with the means of determining the coverage and premium for different farms.

You should present the coverage and premium on an insurance unit basis. Although the coverage and premium rate are quoted on a per acre basis, protection is by insurance units. The producer should know the acreage forming an insurance unit and the coverage and premium for the unit to have a clear understanding of his protection.

REMEMBER

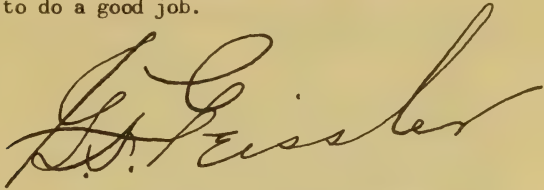
You can do a good job only if you understand Crop Insurance and put forth the necessary effort. Don't leave a prospect without asking him to sign his name on an application. You do him a favor if he signs so you should be aggressive in trying to get his signature.

You have a specified amount of protection that you can offer the farmer. Don't let him confuse crop investment protection with last year's big crop or his average yield. Sell him investment protection on its own merits. To improve his business position, every farmer should protect his crop investment against the many production risks that he can't control as long as the crop is under the open sky.

The following pages contain an explanation of the major program provisions and some suggestions for presentation. Study these and the policy and get answers from the county office on any points that you do not understand.

If you are sold yourself, you can sell others because you will be able to give them understanding.

How many signed applications you obtain will depend upon the effort that you are willing to make in order to do a good job.

A handwritten signature in dark ink, appearing to read "G. F. Geissler". The signature is fluid and cursive, with a large initial "G" and "F" that are connected to the rest of the name.

G. F. Geissler, Manager
Federal Crop Insurance Corporation

PROVISIONS OF THE BEAN CROP INSURANCE PROGRAM

PROTECTION PROVIDED A Federal Crop Insurance policy protects the producer's investment in the bean crop against unavoidable loss from essentially all production hazards. It covers loss of production of beans due to causes such as drought, flood, hail, wind, frost, lightning, fire, excessive rain, snow, wildlife, hurricane, tornado, insect infestation and plant disease.

The protection begins at the time the beans are planted and continues until harvest.

It is protection against the production risks that man cannot control. It does not, of course, cover losses resulting from avoidable causes such as neglect or poor farming practices.

WHO MAY INSURE A landlord, owner-operator, or tenant may file an application to insure his interest in the bean crop. When the application is accepted a Federal Crop Insurance policy will be mailed the producer. Each individual must apply for insurance in order for his share in the crop to be insured.

Generally only one application from a person is necessary. An application signed in an individual capacity will also cover the applicant's interest as a co-owner and as a joint-operator. In these cases each interested person should file a separate application. However, in the case of a person who desires insurance on farms operated by him in an individual capacity and also on farms operated by

him in a representative or fiduciary capacity (agent, administrator, executor, guardian, etc.) or on other farms operated by a partnership in which he is a partner, separate applications must be filed.

CLASS(ES) OF BEANS INSURED The class(es) of beans to be insured in the county are shown on the application for insurance. Familiarize yourself with the classes of beans insured in your county.

ACREAGE INSURED The policy will cover all insurable acreage in the county in which the insured has an interest in the crop at the time of planting. Only acreage for which a coverage and rate have been established is insurable.

Even though a coverage and rate have been established, there will be no insurance on (1) any acreage planted to beans which is destroyed or substantially destroyed before it is too late to replant and is not replanted, (2) any acreage planted to beans too late to expect to produce a normal crop, (3) beans planted on irrigated land the first year after being leveled, and (4) new ground acreage.

The Corporation reserves the right to limit the insured acreage to the bean allotment or permitted acreage for the farm.

INSURANCE UNITS While one policy covers all of the insured's farming operations in the county, whether he has one farm or several farms, losses are settled separately on each insurance unit. In determining the acreage which constitutes an insurance unit, it is necessary

to consider producers in three groups -- owner-operator, landlord or share tenant.

Land rented for cash or for a fixed commodity payment is considered as owned by the lessee. Here is the way to determine insurance units.

- (1) *For an owner-operator*, all insurable acreage in which he has 100 percent interest in the crop is one insurance unit. (An applicant could have only one unit of this type.)
- (2) *For a landlord*, all insurable acreage owned by him and rented to one share tenant is one insurance unit. (A landlord would have as many units of this type as he has share tenants.)
- (3) *For a share tenant*, all insurable acreage owned by one person and operated by the share tenant is one insurance unit. (A share tenant would have as many units of this type as he has landlords.)

Find out the producer's intended farming operations so that you can determine how many insurance units he has and can explain his coverage for each.

AMOUNT OF COVERAGE The county office will furnish you lists or maps from which this information can be obtained. Insofar as possible you should know the three stages of coverage for the prospect's farm before you begin your talk with him so that you can be specific regarding the protection available to him without allowing your presentation to suffer a cooling off period while you are looking it up.

In determining the insurance units for his operation, you have also learned the number of acres of beans he intends to plant and his interest in the crop. Work out the coverage for each insurance unit. The maximum protection for an insurance unit will be the coverage per acre (third stage) multiplied by the number of acres to be planted and by the interest in the crop.

Point out to him how his coverage increases in three progressive stages as his investment in the crop increases. The three stages are:

First stage - Acreage released and not pulled or cut.

Second stage - Acreage released after being pulled or cut, but before threshing.

Third stage - Acreage threshed.

The stage of production reached by the beans for any acreage determines the coverage applicable to such acreage.

Remember, Federal Crop Insurance protects all or a major part of the investment -- it insures production costs, not profit. Protecting what is invested is good business.

PREMIUM Federal Crop Insurance is actually available to producers at less than cost since the administrative expenses of operating the program are provided by Congress to make it possible for farmers to have this needed protection which is not otherwise available to them. Premiums are used only to pay losses to insured producers.



All premiums paid by county farmers which are in excess of losses paid in the county are credited to the county and favorable experience over a period of years will lower the cost of this all-risk protection. By incorporating the experience in the county in the premium rates periodically, the actual operation of the program in the county determines the rate.

Figure out your prospect's premium on the basis of his intended acreage. The premium is determined by multiplying (a) the acreage insured, by (b) his interest in the crop, by (c) the premium rate.

A 5 percent discount will be allowed the insured provided he files his acreage report and pays his premium by July 15. If the insured does not take advantage of the 5 percent discount, his premium will become due on July 15, which is the maturity date of the premium note.

The crop insurance premium is deductible as a farm operating expense on a farmer's income tax return. You may want to stress this point to some producers as it will reduce the net cost of this

protection by the percent of his income tax bracket. For some people this will mean a substantial saving. Show him how much this might affect the actual cost to him.

LOSSES



An indemnity is payable if the value of the total production of all insurable classes of beans for an insurance unit is less than the total coverage. A check will be issued to the insured promptly after the loss claim is approved. Production will be valued at the prices listed in the contract. *These prices must be pointed out to the producer* because they will be the prices used at the time of loss adjustment. The prices vary according to the grade or pick and follow very closely the marketing practices in the county. Protection against loss of quality is thus included in the contract. The net weight of the beans (weight after cleaning, screening and moisture deductions) will be multiplied by the applicable price to establish the value of production. The amount of loss for an insurance unit is determined by multiplying the insured acreage by the coverage per acre and subtracting the value of the total production. The insured's indemnity is determined by multiplying the loss for the insurance unit by his interest in the crop.

In determining total production, the actual production of all insurable classes of beans harvested is counted. For acreage released in the first or second stages the production has to be appraised. However, all of this appraisal is not counted and quite frequently none of it is counted because of the allowance established. Only that portion of the appraisal in excess of the allowance is counted as production. In general the allowance for either the first or second stage is determined by subtracting the coverage for that stage from the coverage for the third stage and dividing the result by the base price for that class of beans.

Tell the producer who has signed an application that loss reports should be made to the county office in writing. Advise him that any material damage to the insured crop must be reported immediately after the damage occurs and that a loss must be reported immediately after harvest is completed. Caution him that damaged bean acreage must not be put to another use until it is released in writing by an adjuster and that he should request such release through the county office.

OTHER IMPORTANT POINTS

Term of Contract - The contract continues in force for each crop year until cancelled by the insured or by the corporation. Either party may cancel the contract effective for any crop year on or before the cancellation date shown in the policy. The majority will want their bean crop investment protected every year so that they will have the protection if crop disaster strikes. With this contract it will not be necessary to make a new application each year in order to have Federal Crop Insurance protection. If changes are made in

the contract the insured will be advised of these changes in advance of the cancellation date.

Collateral Assignment - The original insured may assign his right to any indemnity as collateral for a loan or other obligation by executing Form FCI-20, "Collateral Assignment", and filing it at the county office. A Federal Crop Insurance policy will make any producer a better credit risk since it may provide the necessary security to enable him to obtain financing. This feature can be stressed to good advantage as a selling point... from the standpoint of both the producer and the lending or credit institution.

Transfer of Interest - The transferee may have protection under the insured's contract if he executes a transfer of interest form at the county office within 15 days after the transfer occurs. The original insured continues to be liable for any premium due on the acreage and interest transferred if it is not paid by the transferee.

Hail Insurance - The amount of a Federal Crop Insurance indemnity will not be reduced because the farmer also carries hail insurance. Hail insurance and Federal Crop Insurance are not competitive. Hail insurance covers only the one risk, while Federal Crop Insurance covers essentially all unavoidable risks.

FILLING OUT APPLICATION

PREPARATION OF FORM

The applicant's name should be printed in the space provided at the top of the form exactly as it is signed. If you follow the very good practice

of filling out the form before you urge the producer to sign, you will want to ask how he signs his business papers.

Enter the date of the applicant's signature in the space provided. You should sign as witness to the applicant's signature.

Enter in the box at the bottom of the application information as to the location of the farm(s) of the applicant or his headquarters and his telephone number if he has one. This information is for future use in servicing the contract and should be such that it will assist an adjuster in locating the farm(s) or the place where the applicant can be contacted. *This does not mean that the insurance is limited to these farms.*

SIGNATURES

Applications should be signed with indelible pencil or ink and *must be handwritten*, not printed. Signatures should include at least one given name, an initial, if any, and the surname.

When a person signs in a representative capacity he must show (1) the name of the principal for whom he is acting, (2) his own signature, and (3) the capacity in which he signs.

Following are some examples of signatures correctly affixed:

1. *As an individual:*

- a. John T. Smith
- b. J. Thomas Smith
- c. Mary L. Smith

2. *As agent:*

- a. John T. Smith, by Henry O. Brown,
Agent
- b. Smith and Jones, a partnership, by
George E. Miles, Agent

3. *As member of partnership:*

- a. Smith and Jones, by John T. Smith,
a partner

The above types of signatures cover most cases. If you should obtain an application with a signature that you are doubtful about, call this to the attention of the county office. Should you need additional information regarding the correct manner of affixing a signature, you may obtain it at the county office.

YOUR SALES REPORT

You are required to make regular reports of contacts and sales to the county office on the form that they furnish you.

Information needed for your sales report includes (1) name of each person contacted, (2) date contacted, (3) if application is signed, the number of insurance units covered, and (4) if application is not signed, brief reasons why and whether you will re-contact him.



